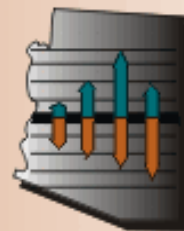


ARIZONA'S WORKFORCE

A press release from the Arizona Dept. Of Economic Security, Research Administration



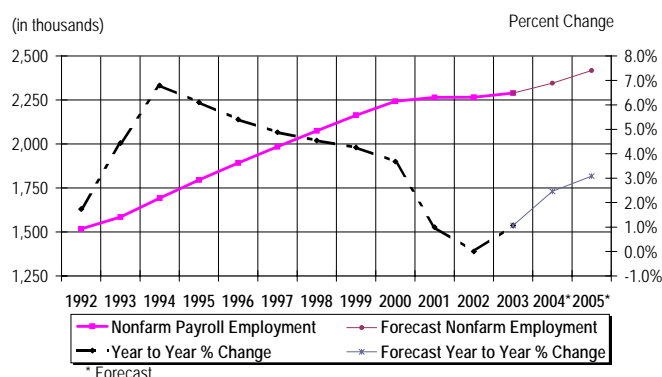
April 1, 2004

Arizona's Two-Year Forecast Shows Growth of More than 128,000 Nonfarm Jobs

While for many regions across the nation the current economic recovery has been without job gains, Arizona's economy has been adding jobs. Over-the-year job growth began for the Grand Canyon state in August 2002, although initially it was very slight growth. While Arizona's economy continued to show very modest growth, many other states across the nation were experiencing continued losses. Arizona ended 2003 by being ranked 2nd among states in job growth percentage for December. This report showed 28 states were expanding, while 22 states continued to post losses. The latest figures for February 2004 shows Arizona ranked 2nd, led only by Nevada, and 38 states showing annual growth. Our neighbor, California, ranked 31st on the list.

On April 15th, just two weeks from today, Research Administration (RA) will release its employment figures for March. The most likely scenario is that the March figures will once again confirm that Arizona's economy continues to add jobs. As revealed from the recently released benchmarked figures, Arizona's economy

Arizona Nonfarm Employment Trends



experienced over-the-year job losses between October 2001 and July 2002, a period spanning 10 months. However, March will represent the 18th consecutive month since the gains began in October 2002.

Research Administration continues to believe that Arizona's economy will expand jobs and improve the pace of growth over the next two years. RA forecasts Arizona will add 128,600 nonfarm jobs in the 2004-05 period. As growth averaged 1.1 percent in 2003, the pace is forecast to hasten in 2004 to 2.5 percent and to 3.1 percent in 2005. This suggests growth of more than 56,000 jobs in 2004 and better than 72,000 in 2005.

Construction is expected to have the strongest growth among the goods-producing industries. RA forecasts construction will add more than 9,000 jobs during the two-year period, averaging growth in the 2.6 percent range annually. Residential construction activity in Arizona has been so vibrant that according to Meyers Real Estate Information, Inc.'s latest report for the fourth

Total Nonfarm Employment			
Annual Average Growth Rate*			
	2003**	2004***	2005***
Arizona	1.1%	2.5%	3.1%
Phoenix-Mesa MA	1.3%	2.5%	3.2%
Tucson MA	0.0%	2.0%	2.4%
Balance of State	1.1%	2.7%	3.1%
* Based on Annual Averages			
** Benchmarked			
*** Forecast			
MA = Metro Area			

(continued on page 2)

quarter 2003, the state ranked second fastest housing market in the country. The Tucson MSA was ranked 35th fastest growing MSA, while the Phoenix-Mesa MSA placed in the top 10 with a number 8 ranking. Additionally, many of Arizona's rural areas are as well experiencing strong housing demand, a trend that is likely to continue through the next decade as retirees seek value and less congested lifestyle settings.

Arizona's manufacturing industry has been slow to recover from the post-2000 economic downturn. This industry has seen its workforce shrink to 1993 levels, but this scenario has clearly been worse elsewhere. Nationally, manufacturing compares with levels not seen since 1958. While the process of recovery has been slow in Arizona, the trend continues to look more favorable than many other states. RA forecasts manufacturing will continue to lose jobs in 2004 but will add jobs in 2005. Losses over the two-year period are expected to be greater than the gains, resulting in a loss of more than 600 jobs during 2004-05.

Mining is forecast to lose about 700 jobs over the two-year forecast period, further reducing its workforce by 5 percent in 2004 and nearly 4.5 percent in 2005. In comparison to the most recent couple of years, this represents a slowing of losses. The last time this industry showed an annual increase was 1996. By 2005, mining is expected to represent about three-tenths of one percent of all nonfarm jobs, down from nearly one percent in 1990.

While trade experienced annual job growth rates between 3 percent and 8 percent during the fast growing 1990s and into 2002, jobs grew less than one percent each year between 2001-2003. Trade is forecast to experience better growth in 2004 and 2005 than was experienced in the previous three years. RA forecasts call for 2004 growth of about 2.5 percent and slightly better than 3 percent in 2005. Consumer sentiment is expected to improve with strengthening job growth, coupled with improving wages, resulting in enhanced consumer spending. RA forecasts suggest an increase of more than 21,000 jobs in the two-year period. Notably, only 4,600 jobs

Arizona Industry Employment

Annual Average Growth Rate

	2003	2004	2005
Manufacturing	-5.2%	-1.4%	1.1%
Natural Resources/Mining	-8.0%	-5.4%	-4.4%
Construction	2.6%	2.9%	2.2%
Trade, Trans, Warehouse & Utilities	0.9%	2.2%	3.0%
Information	-4.4%	-1.6%	1.5%
Financial Activities	2.7%	1.8%	2.1%
Profess&Business Svcs	1.9%	3.6%	4.2%
Education & Health Svcs	5.9%	5.5%	5.7%
Leisure & Hospitality	0.9%	2.0%	2.5%
Other Services	-0.5%	2.9%	3.7%
Government	0.8%	2.5%	2.8%

were created during the 2001-03 period. Nevertheless, this should not be viewed as weak because of the losses in many other states.

Arizona's tourism industries are also forecast to show considerable improvement. Economic growth in other states and countries is expected to elevate Arizona's tourism industries. Leisure and hospitality is forecast to grow by nearly 2 percent in 2004 and accelerate to nearly 2.5 percent in 2005. As businesses continue to grow, marketing programs will again reinvigorate opportunities in Arizona's renowned resorts, hotels, restaurants, conference centers, arts, entertainment, and recreation. RA forecasts job demand for this industry will result in an increase of more than 10,000 jobs during the 2004-05 period.

The professional and business services industry is forecast to add more than 25,000 jobs in the same period. This industry showed rising strength in 2003 in most sectors. Growth in 2003 averaged about 1.8 percent, with losses experienced in 2001 and 2002. RA forecasts show growth rates of 3.6 percent in 2004 and 4.5 percent in 2005.

RA forecasts information services will pare more jobs in 2004 and then recover in 2005. This is expected to result in a slight loss during the two years.

(continued on page 3)

As an industry, financial activities performed rather well during the post-2000 economic downturn. With annual growth above 2 percent in 2000, the industry experienced the next couple of years with growth slightly above one percent, and returned in 2003 to show growth above 2.5 percent. RA forecasts this industry to grow by roughly 2 percent each year of the forecast period.

RA forecasts the transportation, warehousing and utility group to add nearly 2,800 jobs during the 2004-05 period. This translates into growth rates of 1.2 percent for 2004 and 2.3 percent for 2005. The weakness of this group had been the transportation sectors, but as continued recovery among states and regions proceeds, increased shipments and consumer travel is expected. Rising fuel prices represents a dampener to this industry, as increasing costs are either encumbered or shared. Consumers are realizing the direct costs with rising prices at the pump, and indirectly as businesses may pass along the greater costs in higher prices of their products and services. Rising fuel prices have tended to most adversely affect the transportation sectors of trucking and air.

RA projections call for continued rapid growth in education and health services with an expected annual average expansion rate of 5.5 percent for the forecast period. Arizona's rising population trends support much of this industry. In addition, faster growth in private educational services as

compared to the public sector has suggested a shift in educational resources away from the public sector and towards the private. As a result, this industry is forecast to add more than 28,000 jobs during the forecast period.

Government is forecast to grow by nearly 2.5 percent in each of two years, adding nearly 11,000 service-providing jobs to the economy. Most of these jobs are in state and local education.

In conclusion, at the time of this writing, Arizona's economy is approaching 20 months of over-the-year job gains. The contemporary phrase "jobless recovery" doesn't apply to Arizona. While the state also experienced the affects of the economic downturn, it has managed with greater resiliency because of its predominant service-providing industries. Additionally, Arizona has become recognized over the years as a place many new residents now call "home." As a result, growth in construction jobs has bolstered the economy despite protracted downturns in industries such as manufacturing. RA forecasts for nonfarm jobs call for continued, though modest improvement in the 2004-05 period.

Release Presented by: **Phoenix** – Don Wehbey, DES Research Administration, Senior Economist

Contact: For clarification or additional information, call (602) 542-3871

Next Press Briefing: **March Employment Report** - Thursday, April 15, 10:00 a.m.,
DES Administration Building, Room 110, 1717 W. Jefferson St., Phoenix

The Arizona Workforce (Press Release) is now on the Internet.

<http://www.workforce.az.gov/>

Please contact our office, if you still want a faxed copy each month.

Equal Opportunity Employer/Program

Under the Americans with Disabilities Act (ADA), the department must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the department must provide sign language interpreters for people who are deaf, a wheelchair-accessible location, or enlarged print materials. It also means that the department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. This document is available in alternative formats by contacting the Arizona Department of Economic Security, Research Administration, at (602) 542-3871.

Table 1

Arizona Employment Forecast (In Thousands)						
	2002	2003	2004	2005	Change in Employment	
					2004	2005
Total Nonfarm Employment	2265.1	2289.3	2345.6	2417.9	56.3	72.3
<i>Percent Change</i>		1.1	2.5	3.1		
Manufacturing	183.5	174.0	171.5	173.4	-2.5	1.9
<i>Percent Change</i>		-5.2	-1.4	1.1		
Natural Resources & Mining	8.7	8.0	7.6	7.2	-0.4	-0.3
<i>Percent Change</i>		-8.0	-5.4	-4.4		
Construction	172.2	176.6	181.7	185.7	5.1	4.1
<i>Percent Change</i>		2.6	2.9	2.2		
Trade, Transportation, & Utilities	440.9	444.8	454.7	468.5	9.9	13.8
<i>Percent Change</i>		0.9	2.2	3.0		
Information	51.7	49.4	48.6	49.4	-0.8	0.7
<i>Percent Change</i>		-4.4	-1.6	1.5		
Financial Activities	155.1	159.3	162.2	165.5	2.9	3.4
<i>Percent Change</i>		2.7	1.8	2.1		
Professional & Business Services	314.1	320.0	331.5	345.3	11.5	13.8
<i>Percent Change</i>		1.9	3.6	4.2		
Education & Health Services	232.6	246.3	259.8	274.5	13.5	14.7
<i>Percent Change</i>		5.9	5.5	5.7		
Leisure & Hospitality	229.5	231.5	236.1	241.9	4.6	5.8
<i>Percent Change</i>		0.9	2.0	2.5		
Other Services	86.3	85.9	88.4	91.6	2.5	3.3
<i>Percent Change</i>		-0.5	2.9	3.7		
Government	390.4	393.7	403.7	414.8	10.0	11.1
<i>Percent Change</i>		0.8	2.5	2.8		

Note: 1) Totals may not add due to rounding

Table 2

Phoenix-Mesa Metropolitan Area Employment Forecast						
(In Thousands)						
	2002	2003	2004	2005	Change in Employment	
					2004	2005
Total Nonfarm Employment	1596.1	1616.7	1657.2	1710.7	40.5	53.5
<i>Percent Change</i>		1.3	2.5	3.2		
Manufacturing	137.5	129.4	126.9	128.3	-2.5	1.4
<i>Percent Change</i>		-5.9	-2.0	1.1		
Natural Resources & Mining	2.2	2.0	1.9	1.9	-0.1	0.0
<i>Percent Change</i>		-9.1	-4.6	-2.4		
Construction	126.1	130.0	134.6	139.1	4.6	4.6
<i>Percent Change</i>		3.1	3.5	3.4		
Trade, Transportation, & Utilities	325.5	328.1	335.1	345.1	7.0	10.0
<i>Percent Change</i>		0.8	2.1	3.0		
Information	39.4	37.3	36.6	37.1	-0.7	0.5
<i>Percent Change</i>		-5.3	-1.8	1.2		
Financial Activities	131.2	134.4	136.6	139.4	2.2	2.8
<i>Percent Change</i>		2.4	1.6	2.0		
Professional & Business Services	253.5	258.1	267.7	279.7	9.6	12.0
<i>Percent Change</i>		1.8	3.7	4.5		
Education & Health Services	153.0	163.0	172.7	183.5	9.7	10.8
<i>Percent Change</i>		6.5	5.9	6.2		
Leisure & Hospitality	153.5	155.9	159.1	162.8	3.2	3.7
<i>Percent Change</i>		1.6	2.1	2.3		
Other Services	61.6	61.5	63.6	66.1	2.1	2.5
<i>Percent Change</i>		-0.2	3.5	3.9		
Government	212.7	217.1	222.4	227.9	5.3	5.5
<i>Percent Change</i>		2.1	2.4	2.5		

Note: 1) Totals may not add due to rounding

Table 3

Tucson Metropolitan Area Employment Forecast (In Thousands)						
	2002	2003	2004	2005	Change in Employment	
					2004	2005
Total Nonfarm Employment	345.9	346.0	353.0	361.6	7.0	8.5
<i>Percent Change</i>		0.0	2.0	2.4		
Manufacturing	30.5	28.7	28.5	28.8	-0.2	0.3
<i>Percent Change</i>		-5.9	-0.8	1.1		
Natural Resources & Mining	1.5	1.2	1.1	1.0	-0.1	-0.1
<i>Percent Change</i>		-20.0	-9.5	-4.7		
Construction	22.5	22.9	23.4	23.8	0.5	0.4
<i>Percent Change</i>		1.8	2.0	1.7		
Trade, Transportation, & Utilities	54.4	54.4	55.5	56.9	1.1	1.4
<i>Percent Change</i>		0.0	2.0	2.5		
Information	7.9	7.6	7.5	7.6	-0.1	0.1
<i>Percent Change</i>		-3.8	-0.9	1.0		
Financial Activities	14.4	15.1	15.6	16.1	0.5	0.5
<i>Percent Change</i>		4.9	3.3	3.1		
Professional & Business Services	41.5	41.3	42.2	43.4	0.9	1.2
<i>Percent Change</i>		-0.5	2.3	2.8		
Education & Health Services	43.6	45.6	47.8	50.0	2.2	2.2
<i>Percent Change</i>		4.6	4.8	4.6		
Leisure & Hospitality	37.3	36.5	36.8	37.6	0.3	0.7
<i>Percent Change</i>		-2.1	0.9	2.0		
Other Services	14.5	14.5	14.9	15.4	0.4	0.5
<i>Percent Change</i>		0.0	2.7	3.5		
Government	77.9	78.2	79.8	81.0	1.6	1.3
<i>Percent Change</i>		0.4	2.0	1.6		

Note: 1) Totals may not add due to rounding

Table 4

Balance of State Employment Forecast						
(In Thousands)						
	2002	2003	2004	2005	Change in Employment	
					2004	2005
Total Nonfarm Employment	323.1	326.6	335.4	345.6	8.8	10.3
<i>Percent Change</i>		1.1	2.7	3.1		
Manufacturing	15.5	15.9	16.2	16.4	0.3	0.2
<i>Percent Change</i>		2.6	1.7	1.3		
Natural Resources & Mining	5.0	4.8	4.6	4.3	-0.2	-0.2
<i>Percent Change</i>		-4.0	-4.8	-5.2		
Construction	23.6	23.7	23.7	22.8	0.0	-0.9
<i>Percent Change</i>		0.4	0.2	-3.9		
Trade, Transportation, Warehousing, & Utilities	61.0	62.3	64.1	66.5	1.7	2.4
<i>Percent Change</i>		2.2	2.8	3.8		
Information	4.4	4.5	4.5	4.7	0.0	0.2
<i>Percent Change</i>		2.3	-1.1	4.7		
Financial Activities	9.5	9.8	10.0	10.1	0.2	0.1
<i>Percent Change</i>		3.2	1.8	1.1		
Professional & Business Services	19.1	20.6	21.5	22.2	0.9	0.6
<i>Percent Change</i>		7.9	4.6	2.9		
Education & Health Services	36.0	37.7	39.3	41.0	1.6	1.7
<i>Percent Change</i>		4.7	4.3	4.4		
Leisure & Hospitality	38.7	39.1	40.1	41.6	1.0	1.4
<i>Percent Change</i>		1.0	2.7	3.6		
Other Services	10.2	9.9	9.8	10.1	-0.1	0.3
<i>Percent Change</i>		-2.9	-0.5	2.6		
Government	99.8	98.4	101.5	105.9	3.1	4.4
<i>Percent Change</i>		-1.4	3.2	4.3		

Note: Totals may not add due to rounding

Chart 1

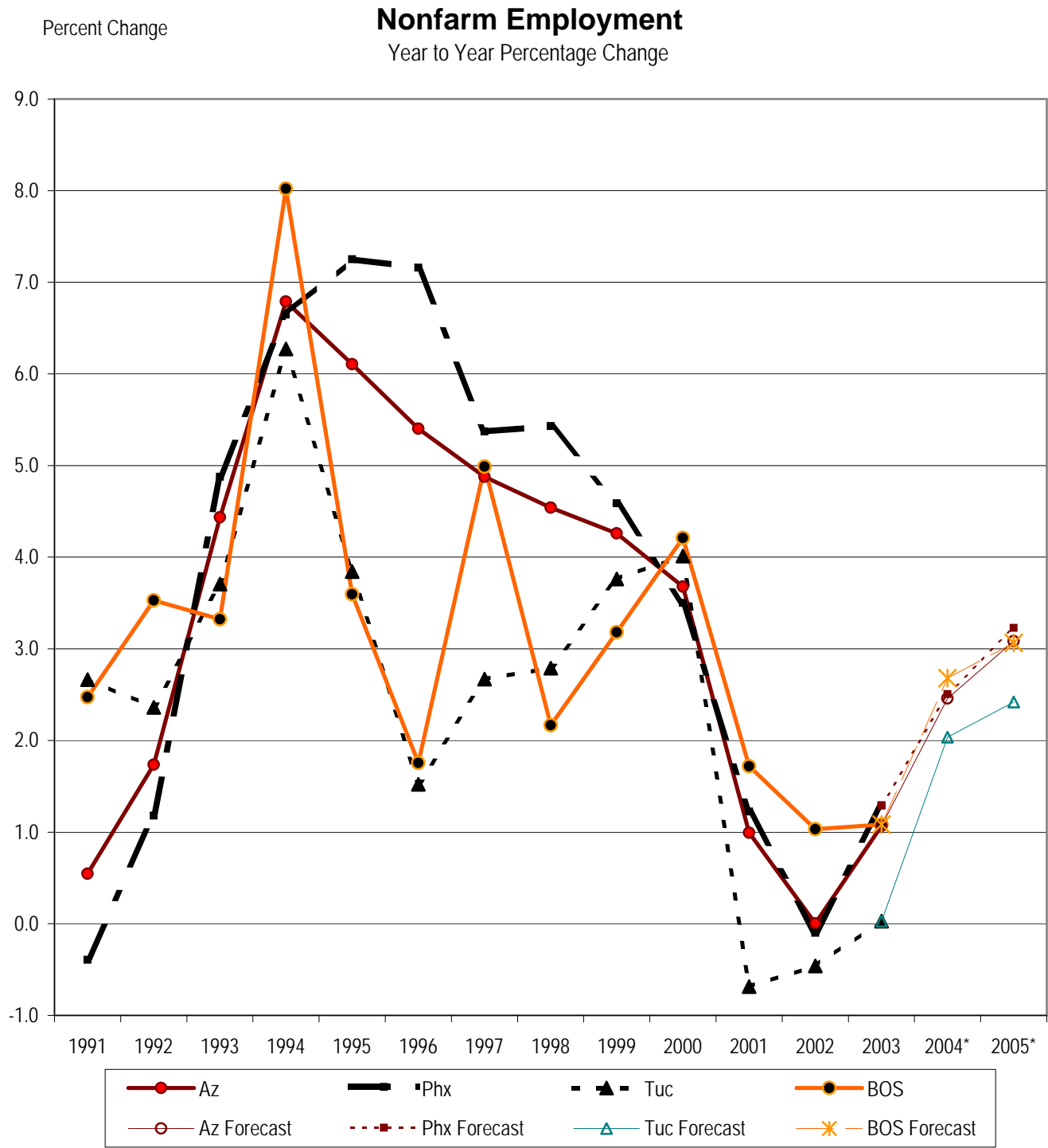


Chart 2

Arizona Nonfarm Employment

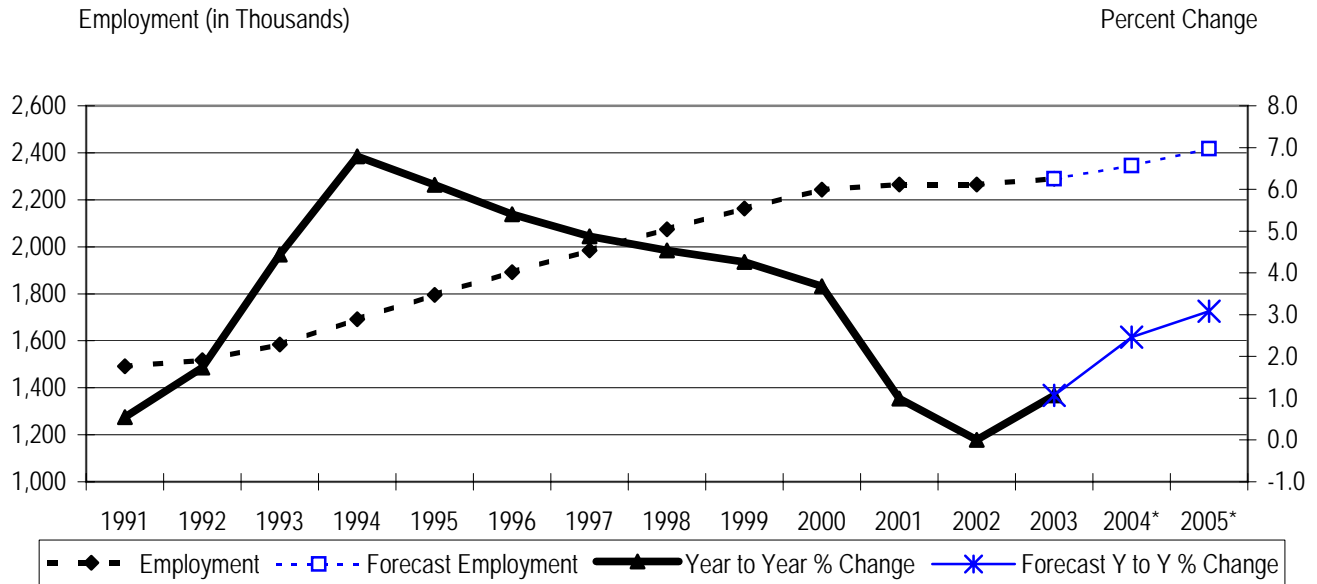


Chart 3

Phoenix-Mesa MA Nonfarm Employment

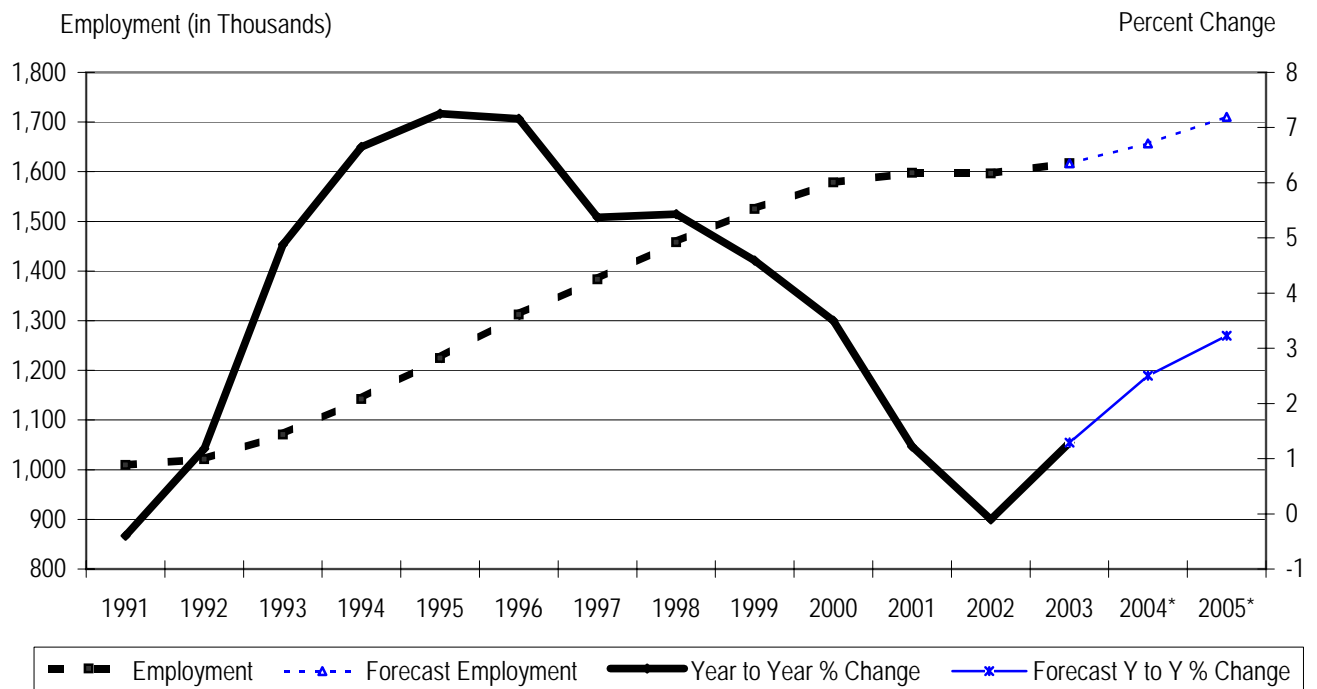


Chart 4

Tucson MA Nonfarm Employment

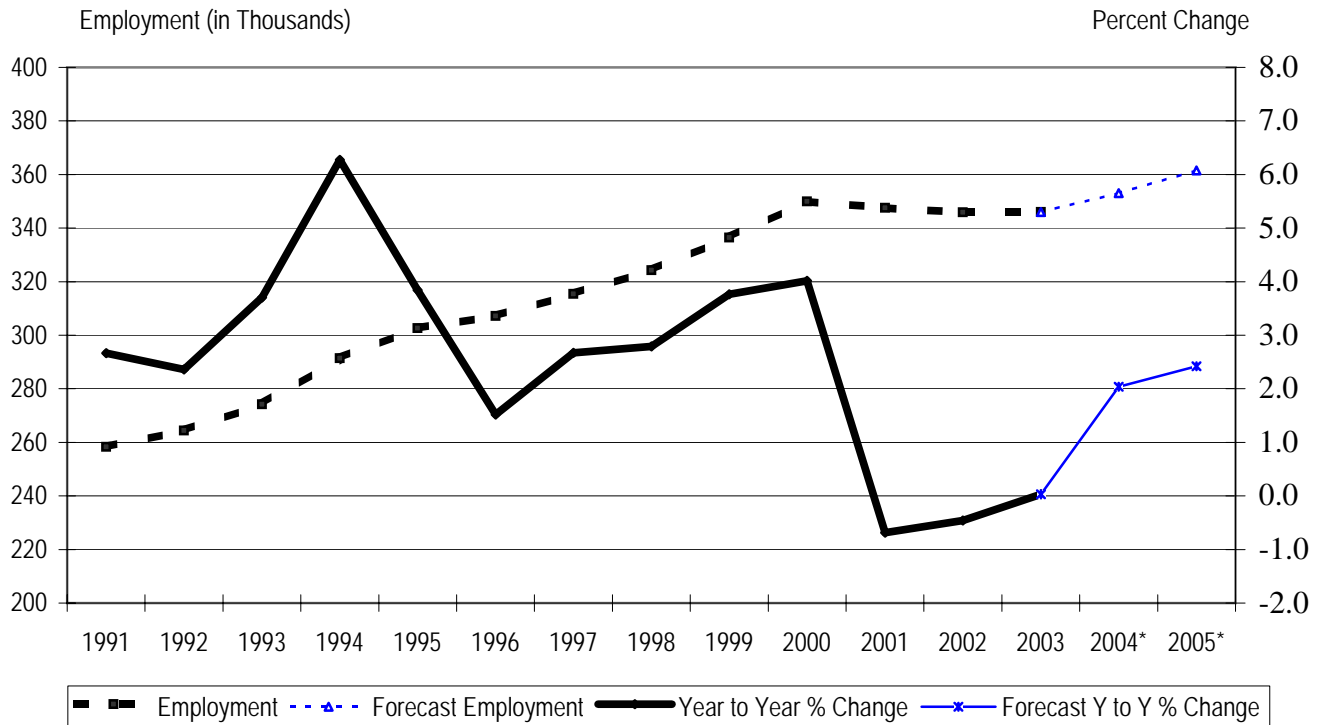


Chart 5

BOS Nonfarm Employment

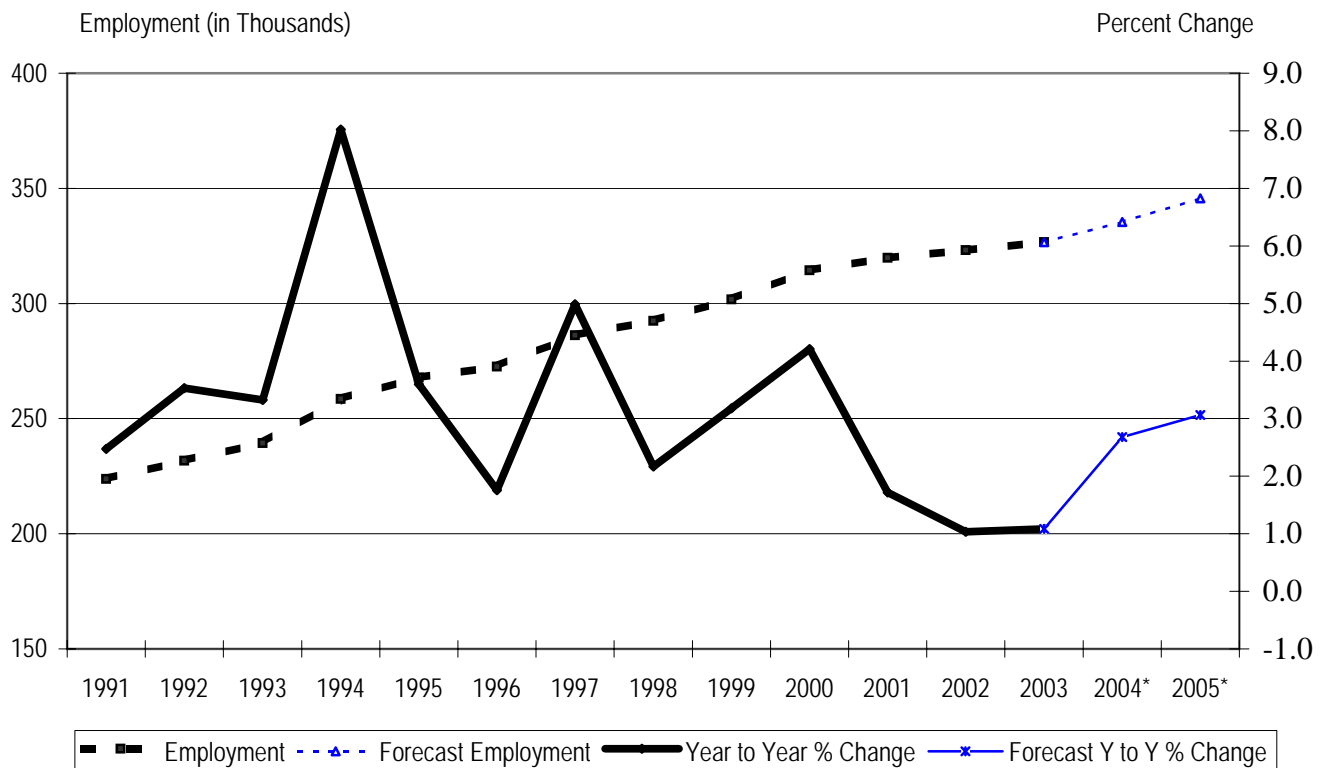


Chart 6

Arizona Manufacturing Employment

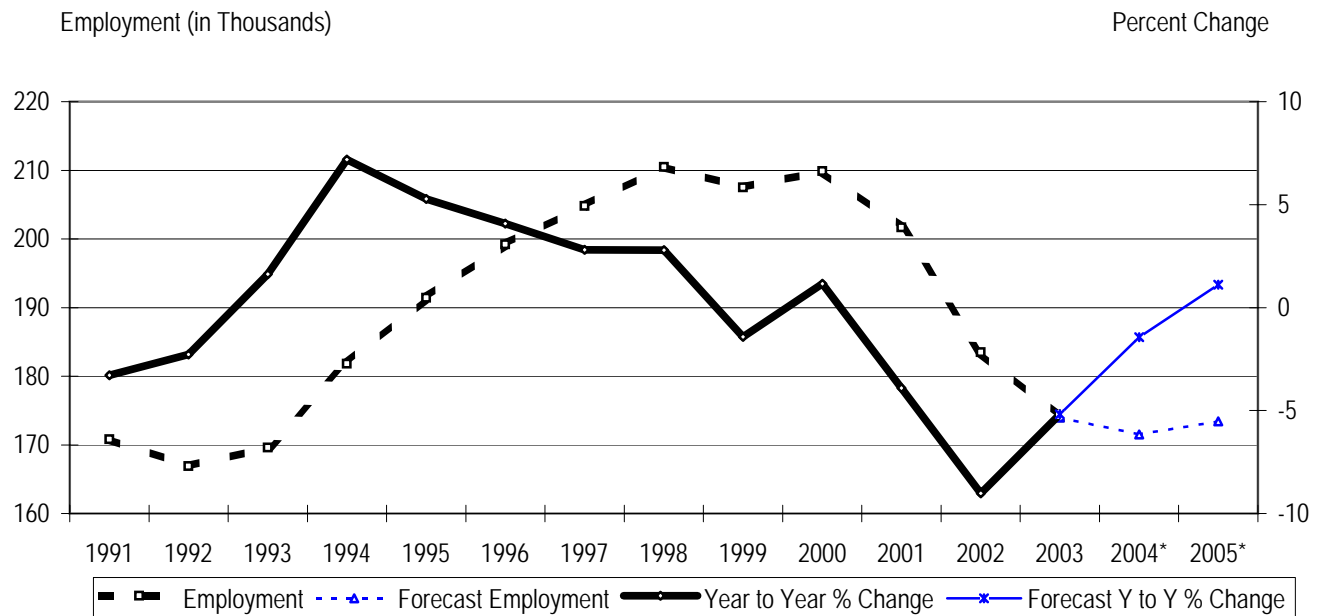


Chart 7

Arizona Natural Resources & Mining Employment

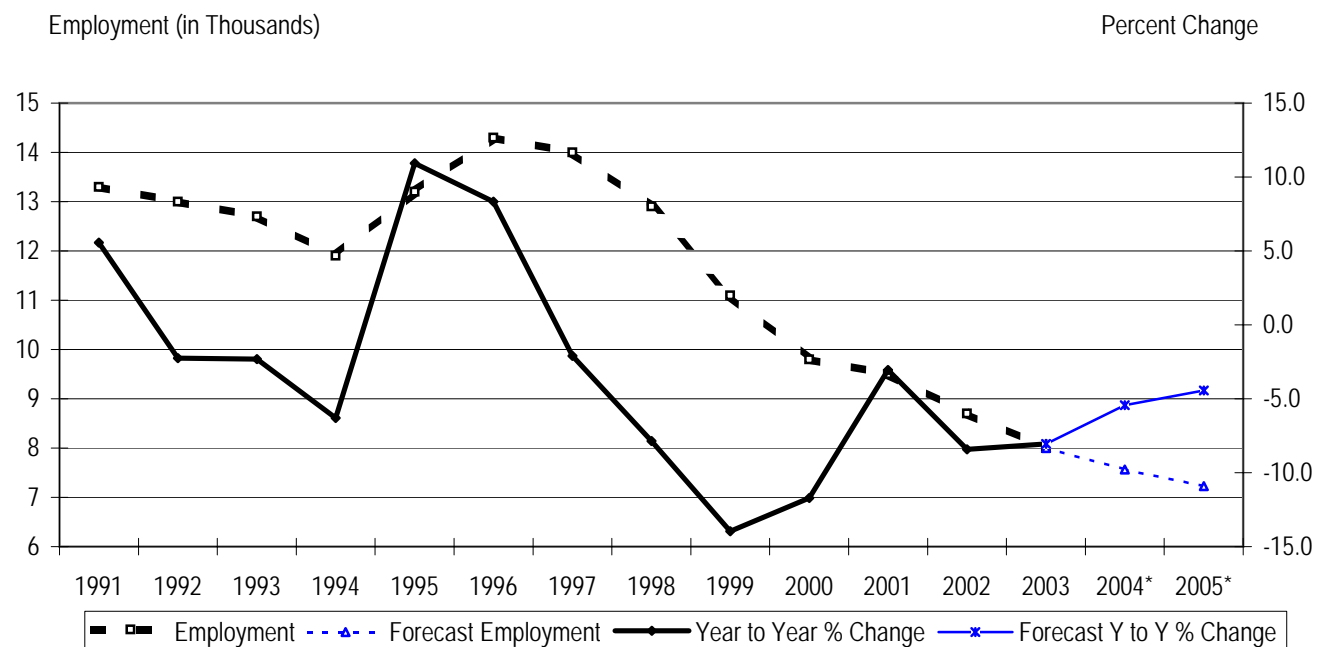


Chart 8

Arizona Construction Employment

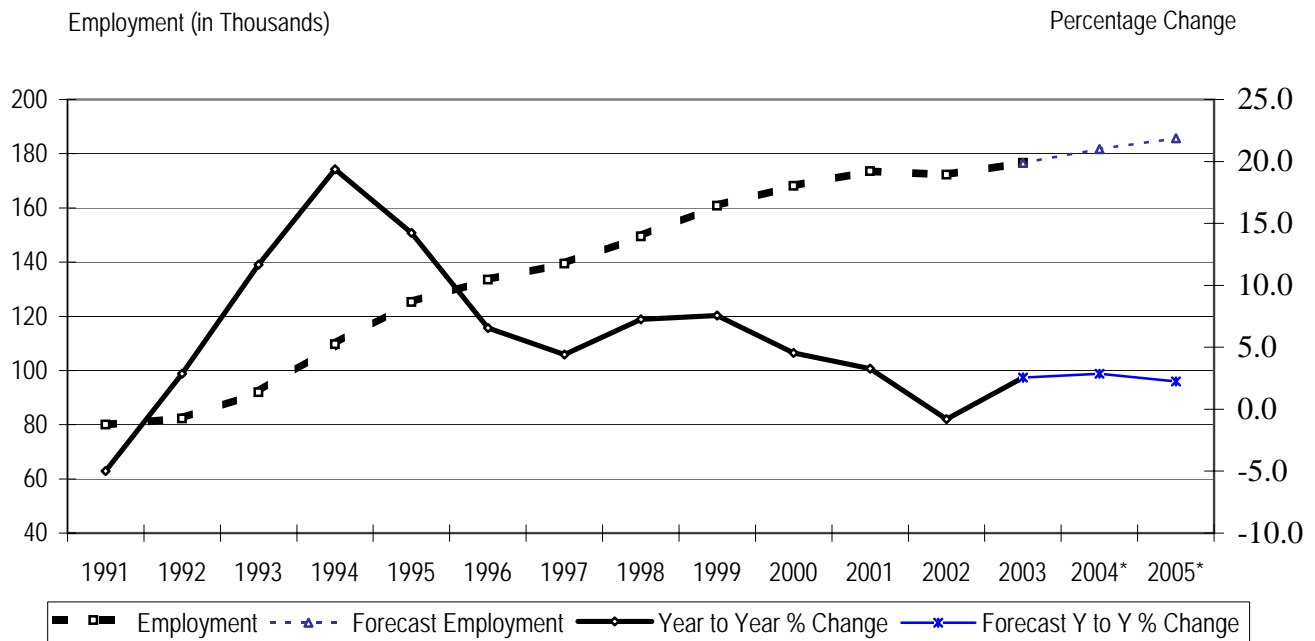


Chart 9

Arizona Trade Employment

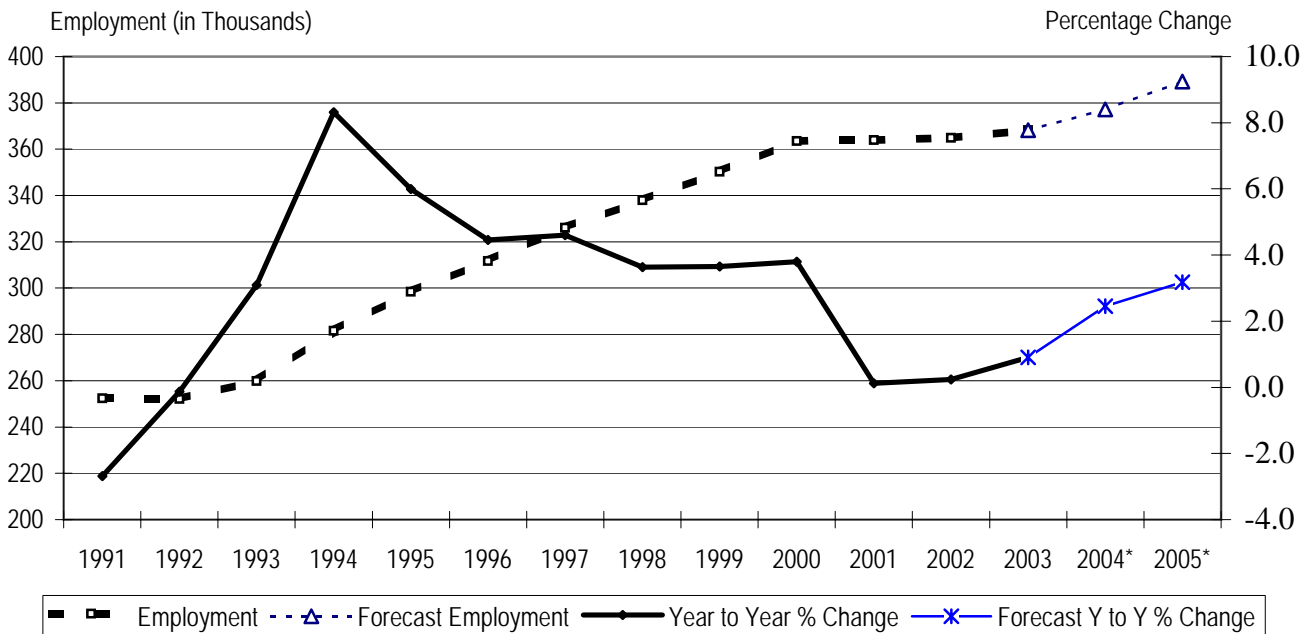


Chart 9

Arizona Transportation, Warehousing, and, Utilities Employment

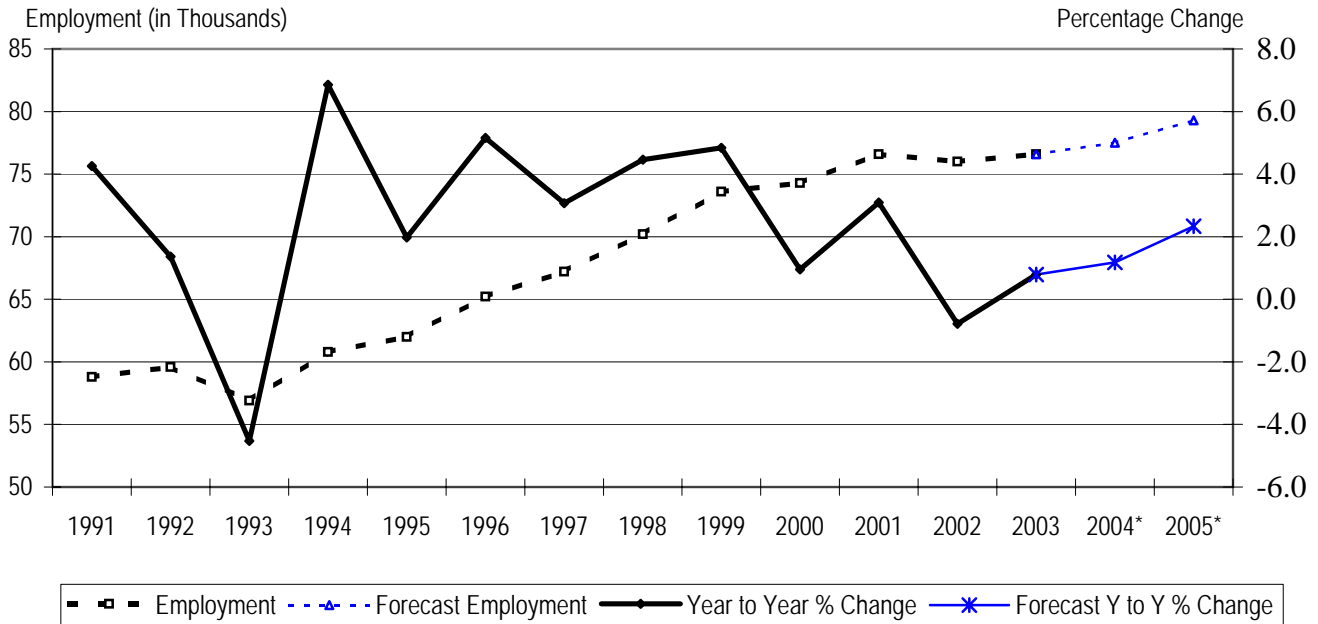


Chart 10

Arizona Information Employment

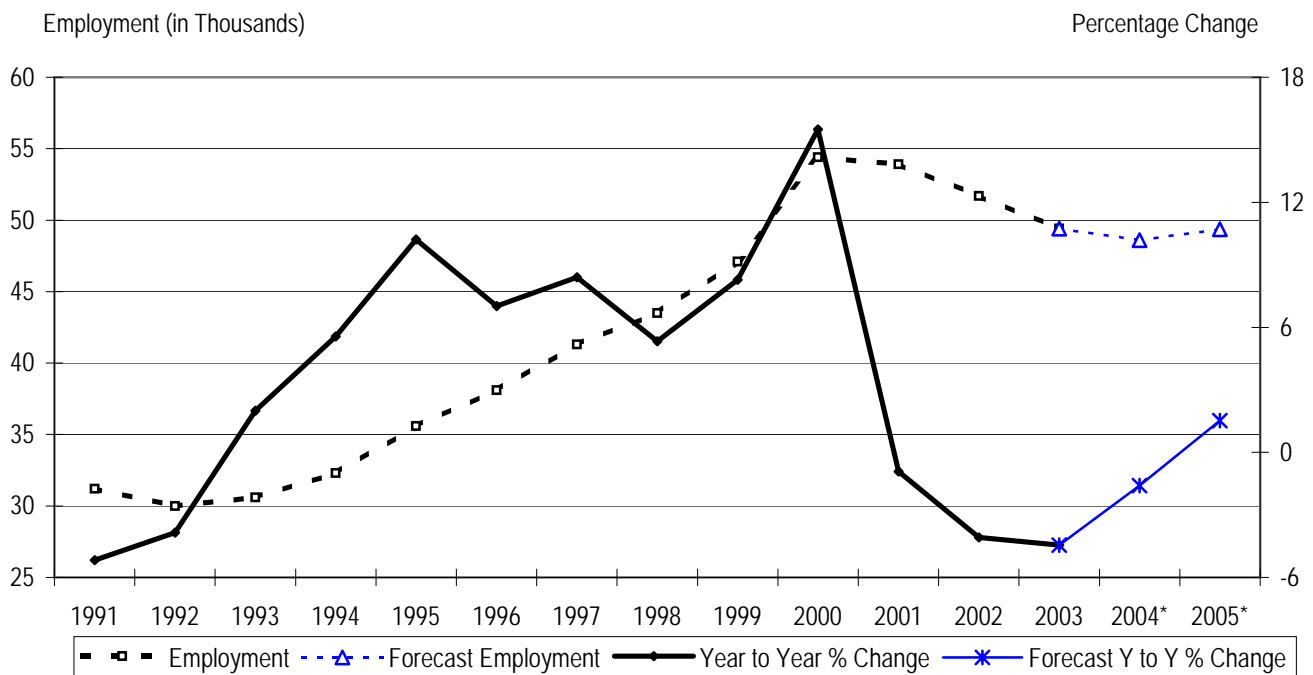


Chart 11

Arizona Financial Activities Employment

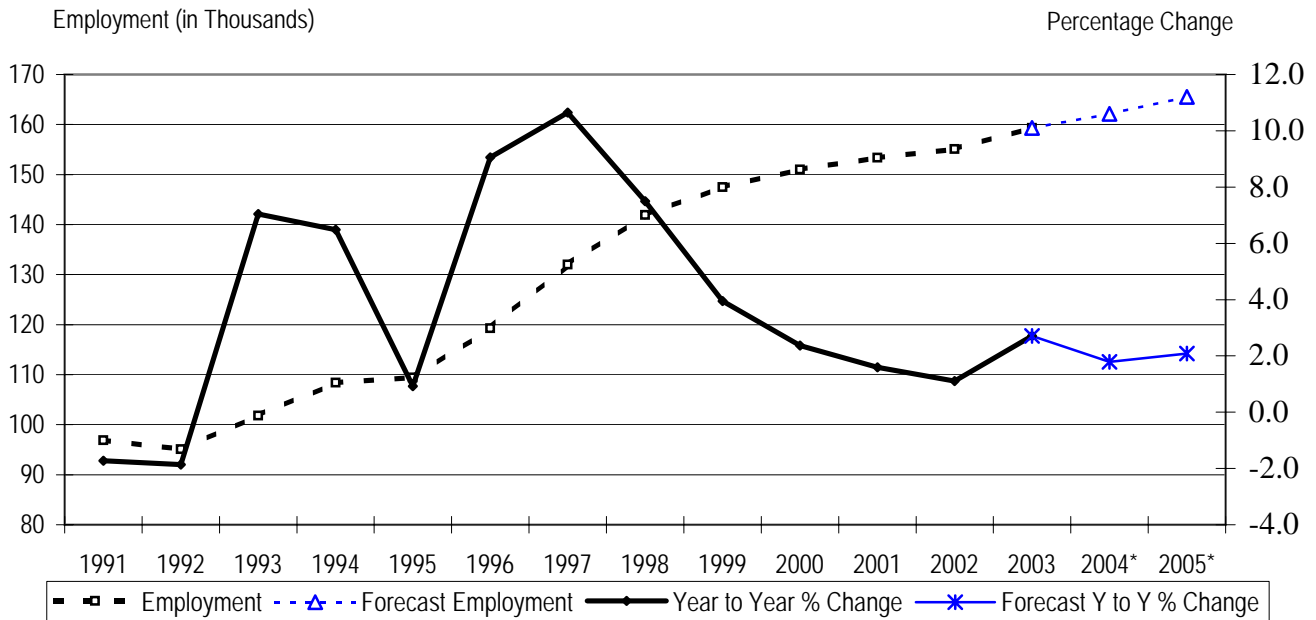


Chart 12

Arizona Professional & Business Services Employment

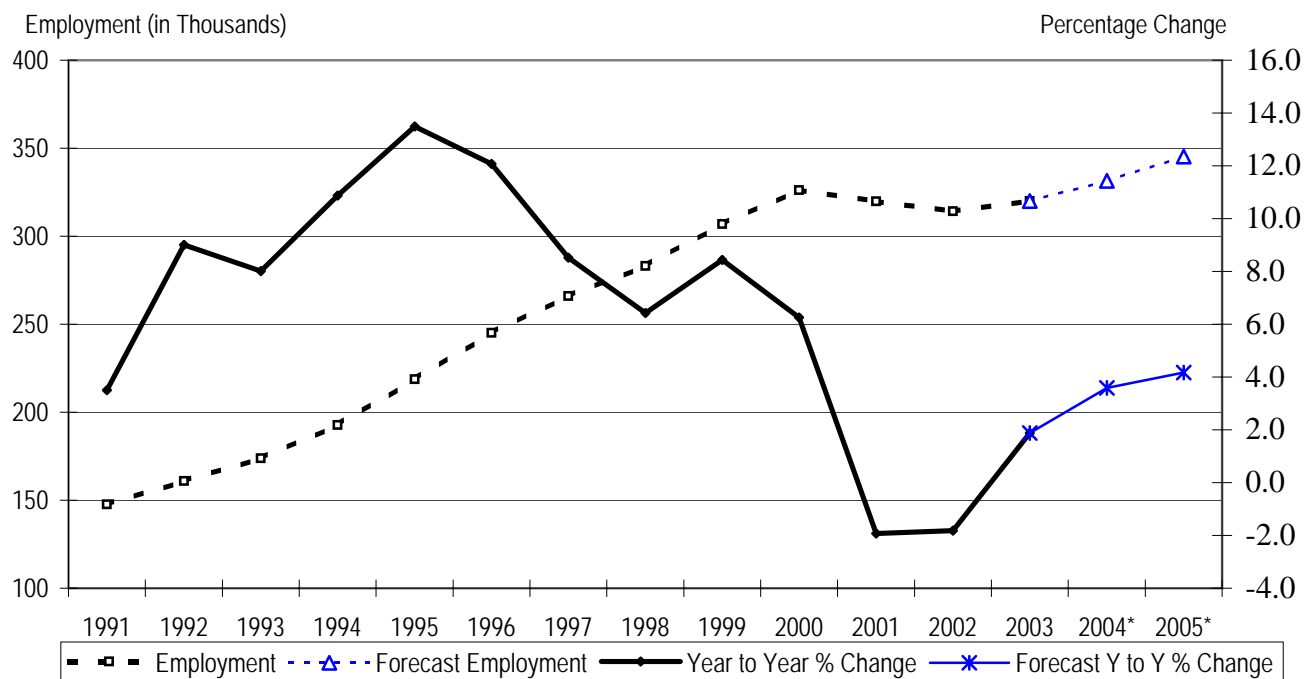


Chart 13

Arizona Education & Health Services Employment

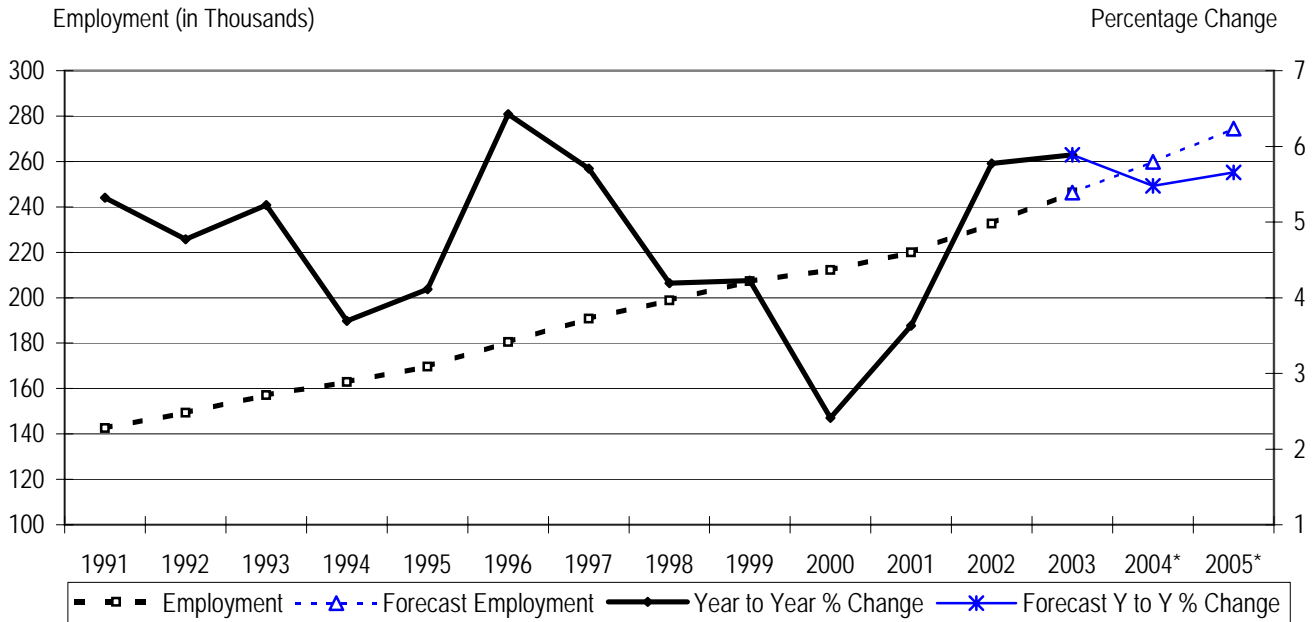


Chart 14

Arizona Leisure & Hospitality Employment

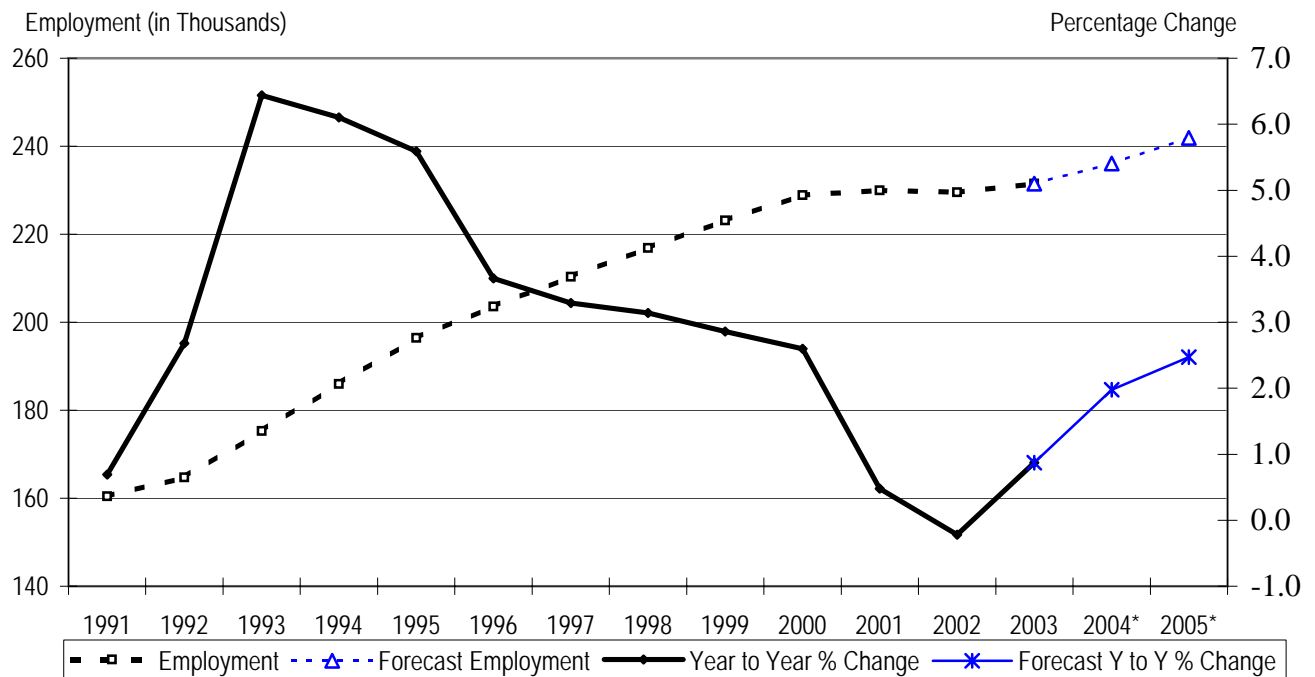


Chart 15

Arizona Other Services Employment

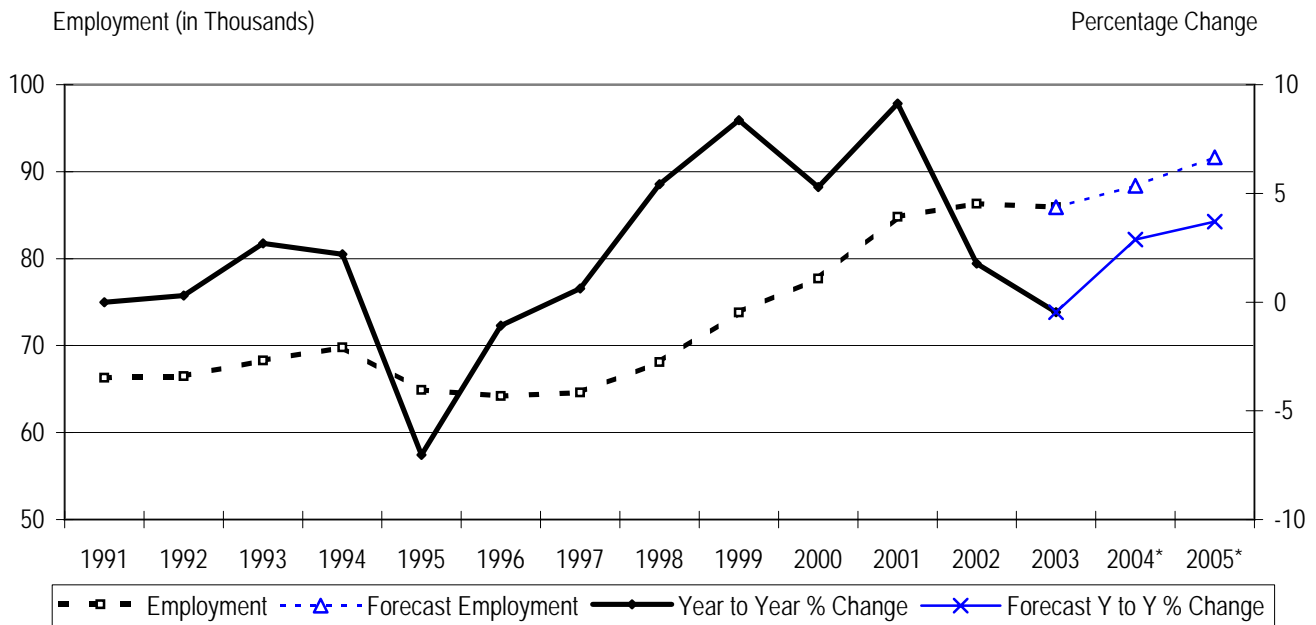


Chart 16

Arizona Government Employment

